

Harum Energy

HOLD (unchanged)

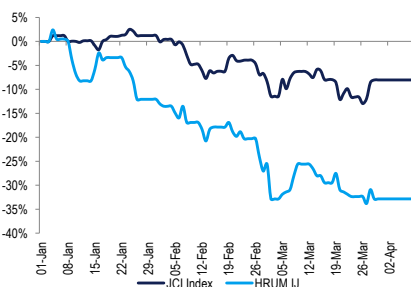
Company update | Metals | HRUM IJ | 1 May 2025

Stock Data

Target price	Rp1,450
Prior TP	Rp, 1,450
Current price	Rp765
Upside/downside	+90%
Shares outstanding (mn)	13,518
Market cap (Rp bn)	10,641
Free float	18%
Avg. 6m daily T/O (Rp bn)	14

Price Performance

	3M	6M	12M
Absolute	-15.9%	-35.4%	-45.7%
Relative to JCI	-10.4%	-24.4%	-39.3%
52w low/high (Rp)	605 – 1,430		



Major Shareholders

Karunia Bara Perkasa	79.8%
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1Q25 result: below consensus on loss-making nickel business unit

- HRUM reported US\$6mn NP in 1Q25 (-47% yoy), which came significantly below ours and consensus (4% IPS/consensus).
- Elevated coal ASP at US\$90/t (+7% qoq) supported NP, while nickel business unit recorded a net loss of US\$2mn on lower ASP (-8% qoq).
- Core NP stood at US\$16mn (-47% yoy/-17% qoq) which also came below estimates. We are reviewing our forecasts pending earnings call.

1Q25 review: coal business unit supporting HRUM's NP

HRUM reported US\$6mn NP in 1Q25 (-47% yoy), which came significantly below ours and consensus forecast (4% IPS/consensus). This was mainly due to high expectation of nickel business units, including nickel-matte price in particular, albeit price has been recovering towards end of Mar25. Additionally, HRUM also recorded US\$13mn loss from the sale of NIC share, which was recorded in 1Q25. Excluding these items, core NP stood at US\$16mn (-47% yoy/-17% qoq), which were also below ours/consensus estimates at 13%/12%.

Coal: ASP remain elevated but set to trend lower in 2Q25F and 3Q25F

Coal sales volume improved by +8% qoq to 1.4mt in 1Q25 while ASP were relatively elevated at US\$90/t (+7% qoq), considering Newcastle price were down by -22% YTD. However, we think this is driven by higher export portion as HRUM had only done 1 domestic shipment in 1Q25; while the bulk of domestic sales (lower ASP) would occur in 2Q/3Q25F. As a result, ASP are very likely to trend even lower in upcoming quarters. SR stood at 10.3x, and is below management's target of 11x, and combined with higher ASP, EBITDA trended higher by +15% qoq.

Nickel: overall business unit were loss-making on lower matte ASP

Nickel business unit (THN) recorded US\$2mn net loss in 1Q25, which we think is primarily driven by lower nickel-matte price (SMM: -4% qoq). While ASP breakdown between NPI and matte is no longer disclosed, blended ASP declined by -8% qoq and with NPI price relatively stable, we think matte price is dragging the overall ASP. On positive side, cash costs improved to US\$10.6k/t (-7% qoq) were able to partly offset the drop in ASP. As a result, nickel business unit EBITDA were down by -31% qoq to US\$16mn, leading to a net loss for the overall business unit.

Maintain Hold rating with an unchanged TP of Rp1,450/share

We maintain our FY25F/26F forecast for now as we await details from earnings call. Hence, we maintain our Hold rating with our SOTP-based TP remain unchanged at Rp1,450/share. Upside risks include potential China stimulus while downside risks include further delay in PT POS.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	904	926	1,441	1,655	1,986
EBITDA	471	350	316	334	476
Net profit	302	151	128	126	165
EPS growth	306%	-50%	-15%	-2%	30%
ROE	41%	17%	8%	8%	9%
PER (x)	3.6	7.2	7.9	8.0	6.2
EV/EBITDA (x)	1.5	3.0	4.8	5.8	3.9
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			75%	53%	35%

Source: Company, Indo Premier

Share price closing as of: 8 April 2025

Fig. 1: 1Q25 financial summary

HRUM 1Q25 results	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenues	299	266	12%	325	-8%	1,655	18%	1,478	20%
Cost of revenues	(239)	(196)	22%	(268)	-11%	(1,286)	19%	(1,121)	21%
Gross profit	60	70	-15%	58	3%	369	16%	357	17%
Gross profit margin (%)	19.9%	26%		17.7%		22%		24%	
Operating expenses	(21)	(2)	1027%	(23)	-11%	(120)	17%	(90)	23%
EBIT	39	68	-43%	34	13%	249	16%	267	14%
EBIT margin (%)	13%	26%		10%		15%		18%	
Depreciation	66	24	178%	14	390%	85	78%	66	101%
EBITDA	105	92	14%	48	121%	334	31%	333	32%
EBITDA margin (%)	35%	35%		15%		20%		23%	
Finance income	2	2	3%	2	-7%	16	10%		N/A
Finance costs	(11)	(4)	210%	(9)	25%	(31)	36%		N/A
Profit from JV/Asso	0	1	-100%	(7)	-100%	14	0%		N/A
Other inc. (exp.)	(14)	(39)	-64%	(37)	-62%	0	N/A		N/A
Profit before tax	15	29	-47%	(17)	-186%	247	6%	249	6%
Income tax	(8)	(18)	-58%	1	-1290%	(16)	49%		N/A
Tax rate (%)	52%	64%		4%		6%			
Minorities	(2)	(9)	-81%	1	-278%	(105)	2%		N/A
Net profit	6	1	464%	(16)	-135%	126	4%	135	4%
Net margin (%)	2%	0%		-5%		8%		9%	
Core profit	16	31	-47%	20	-17%	126	13%	135	12%

Source: Company, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	904	926	1,441	1,655	1,986
Cost of sales	(363)	(543)	(1,135)	(1,286)	(1,482)
Gross profit	541	382	306	369	505
SG&A Expenses	(101)	(96)	(61)	(120)	(125)
Operating profit	440	287	245	249	380
Net interest	(1)	13	(16)	(16)	(10)
Income from associates/JV	39	25	7	14	14
Others	(1)	(62)	(39)	0	0
Pre-tax income	478	263	198	247	384
Income tax	(98)	(67)	(37)	(16)	(43)
Minority interest	(78)	(45)	(32)	(105)	(177)
Net income	302	151	128	126	165

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	371	157	255	328	310
Receivable	69	111	173	199	239
Inventory	43	78	167	189	217
Other current assets	36	86	86	86	86
Total current assets	519	432	681	802	853
Fixed assets	52	170	1,155	2,129	2,098
Other non-current assets	708	1,030	1,132	685	759
Total non-current assets	760	1,201	2,287	2,815	2,857
Total assets	1,279	1,633	2,968	3,616	3,710

ST loans	0	0	0	0	0
Payable	21	80	167	189	217
Other payables	64	51	51	51	51
Current portion of LT loans	0	0	0	0	0
Other current liabilities	146	126	126	126	126
Total current liab.	230	257	344	366	395
Long term loans	1	137	757	1,257	1,157
Other LT liab.	55	65	65	65	65
Total non-current liabilities	57	202	822	1,322	1,222
Total liabilities	287	458	1,165	1,687	1,616

Equity	199	199	199	199	199
Retained earnings	543	694	822	948	1,113
Minority interest	251	282	782	782	782
Total SHE + minority int.	992	1,175	1,803	1,929	2,093
Total liabilities & equity	1,279	1,633	2,968	3,616	3,710

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	368	87	128	126	165
Depr. & amortization	31	55	62	76	86
Changes in working capital	44	(106)	(64)	(26)	(40)
Others	0	0	0	0	0
Cash flow from operating	444	36	126	176	211
Capital expenditure	(31)	(153)	(1,023)	(1,121)	(128)
Others	(131)	(335)	(125)	518	0
Cash flow from investing	(162)	(487)	(1,148)	(603)	(128)
Loans	(99)	207	620	500	(100)
Equity	116	31	500	0	0
Dividends	(77)	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	(61)	238	1,120	500	(100)
FX effect	0	0	0	0	0
Changes in cash	221	(213)	98	73	(17)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	60%	41%	21%	22%	25%
Operating margin	49%	31%	17%	15%	19%
Pre-tax margin	53%	28%	14%	15%	19%
Net margin	33%	16%	9%	8%	8%
ROA	24%	9%	4%	3%	4%
ROE	41%	17%	8%	8%	9%
Acct. receivables TO (days)	13.1	8.3	8.3	8.3	8.3
Inventory TO (days)	8.4	7.0	6.8	6.8	6.8
Payable TO (days)	17.4	6.8	6.8	6.8	6.8
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio (x)	137.1	47.3	10.8	7.9	13.1
Net gearing	(0.5)	(0.0)	0.3	0.6	0.5

Source: Company, Indo Premier